

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /083 W

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P 142042Z MAR 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 0339

C O N F I D E N T I A L BUENOS AIRES 1822

E.O. 11652: GDS

TAGS: EINV, ETRD

SUBJ: TRADE ACT OF 1974--COUNTRY ELIGIBILITY FOR GENERALIZED  
PREFERENCES (GSP)

REF: A. STATE 22693; B. STATE 51555

1. AS DEPT AWARE EMBASSY HAS SEVERAL COMPLEX CASES THAT MIGHT  
RELATE TO ELIGIBILITY, AND EMBASSY IS CHECKING ITS RECORDS TO  
MAKE SURE WE ARE CURRENTLY INFORMED ON ALL SUCH CASES. FOLLOW-  
ING IS STATUS OF CURRENT ACTIVE CASES.

2. STANDARD ELECTRIC/ITT. SEE BA 1092; BA 1054; BA 969; BA 889; BA  
8595 NOV 22, '74 AND PREVIOUS. WE ALSO FORWARDING BY POUCH TO  
ARA/APU MEMCONS OF CONVERSATIONS LAST THREE WEEKS WITH ITT  
REPS. IT WAS OUR UNDERSTANDING FROM ITT VICE PRES SILVER THAT ITT  
REPS WOULD BE INCONTACT THIS WEEK WITH DEPT OFFICIALS ON LATEST  
DEVELOPMENTS. (ITT VICE PRES GUILFOYLE MET WITH ECON MIN GOMEZ  
MORALE ON MARCH 6). AS OF MAR 13, COMMITTEE TO BE APPOINTED UNDER  
DECREE 259 HAS NOT BEEN NAMED. EMBASSY CONTINUES TO REPORT ON  
STANDARD.

3. DELTEC. THE DELTEC CASE REMAINS IN ARGENTINE COURTS, AND  
THE SITUATION (AS DISTINCT FROM EMBASSY EFFORTS TO ASSIST) HAS  
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NOT CHANGED IN SEVERAL MONTHS. REFS INCLUDE: BA 7100, SEP 23, '74;

BA 6811, SEP 10, '74; BA 6721 SEP 6, '74; BA 6130, AUG 16, '74;  
BA 5893, AUG 7, '74; BA 874 FEB 4, '74 AND BA 8788 DEC 3 '73.  
THE COURTS CONTINUE TO INVESTIGATE AND TAKE STATEMENTS.

4. EXXON. REFS ARE: BA 9005 DEC 12, '74; BA 8829, DEC 4, '74;  
BA 8035, NOV 1, '74. REFTELS SUMMARIZE MAJOR DEVELOPMENTS  
IN ESSO CASE. CURRENTLY, ESSO NEGOTIATING WITH GOA FRAMEWORK  
OF ITS FUTURE OPERATIONS IN ARGENTINA. RECENTLY, IT  
PRESENTED TO GOA TWO BASIC PROPOSALS FOR CONSIDERATION. UNDER  
PROPOSAL 1, ESSO WOULD SELL APPROXIMATELY 75 PERCENT OF ITS  
MARKETING NETWORK TO YPF, KEEPING REMAINING 25 PERCENT AND  
OPERATING REFINERY AND TANKER FLEET FOR ITW OWN ACCOUNT AS  
BEFORE. UNDER PROPOSAL 2, ESSO WOULD SELL ITS ENTEIRE MAKET-  
ING NETWORK TO YPF AND RENT REFINERY TO YPF FOR FIVE YEARS.  
AT END OF THIS PERIOD, YPS WULD HAVE OPTION OF BUYING REFINERY  
OR RETURNING IT TO ESSO. ESSO IS NOW AWAITING GOA RESPONSE TO  
THESE PROPOSALS.

5. CHASE MANHATTAN. REFS ARE: BA 604; BA 247; BA 7566, OCT 10, '74.  
AFTER APPROXIMATELY YEAR AND HALF,GOA HAS YET TO ISSUE DECREE  
SETTING FINAL COMPENSATION OFFER FOR "RENATIONALIZED" BANKS,  
ALTHOUGH BANKS INVOLVED KNOW INFORMALY WHAT OFFER WILL BE. ITS NOT  
CLEAR WHETHER POLITICS, OR RED TAPE, OR COMBINATION OF BOTH  
IS HOLDING UP ISSUANCE OF DECREE.

6. CHASE SITUATION CONTINUES MOST CONFUSED. ITS SUBSIDIARY  
HERE, BANCO DE COMERICO, HAS NOW BEEN INTERVENED FOR ALSMOST SIX  
MONTHS. WHEN GOA ISSUES FINAL COMPENSATION DECREE, CHASE WILL  
LIKELY REJECT IT AS INADEQUATE AND INITIATE LEGAL ACTION AGAINST  
GOA.

7. MEANWHILE, CHASE APPLICATION FOR INVESTMENT BANK, FILED  
IN JANUARY, IS CURRENTLY UDNDER CONSIDERATION BY CENTRAL BANK  
ALONG WITH SEVERAL OTHER PROPOSASL FORM DOMESTIC AND FOREIGN  
FINANCIAL ENTITIES. CHASE IS OPTIMISTIC, BASED ON CONVERSATIONS  
WITH GOMEZ MORALE,THAT GOA WILL ACCEPT ITS OFFER.NEVERTHE-  
LESS, IT IS STILL LIKELY TO INITIATE LEGAL PROCEEDINGS AGAINST  
GOA ON COMPENSATION OFFER FOR BANCO DE COMERICO.

8. EMBASSY IS LOOKING FURTHER INTO OTHER CASES. TWO POSSIBLE  
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RELATE TO A) LECHIGUANAS, SA, A PROPERTY IN ENTRE RIOS PROVINCE;  
AND B) PARKE DAVIS & CO. IN CONECTION WITH THE REVOCATION OF  
A CONTRACT.

9. COMMENT: IN THE CASES OF EXXON AND STANDARD/ITT IT WOULD  
APPEAR THAT GOOD FAITHER NEGOTIATIONS ARE IN PROGRESS IN ACCORD  
SECTION 502(0)4, EVEN THOUGH THEY MAY BE PROTRACTED. WITH  
RESPECT TO DELTEC, WE DO NOT KNOW WHAT THE COMPENSATION MAY BE

SINCE THE MATTER IS STILL IN THE COURTS. IN THE CHASE MANHATTAN  
CASE, IT WOULD BE HARD TO ARGUE THAT EITHER PROMPT OR ADEQUATE  
COMPENSATION WILL BE PAID. ON OTHER HAND, ARGENTINA APPEARS  
COMMITTED TO PAY FOR ALL RENATIONALIZED BANKS AND IS MOVING,  
ALBEIT SLOWLY, TO DISCHARGE ITS INTERNATIONAL OBLIGATIONS.  
IN THIS REGARD, CHASE ITSELF WISHES TO REMAIN IN ARGENTINA.  
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## Message Attributes

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